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Tucson Electric Power Company

One South Church, P.O. Box 711
Tucson, AZ 85702

June 18, 2010

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Tucson Electric Power Company's Rider R-2 Demand-Side Management Surcharge
Docket Nos. E-01933A-07-0402 and E-01933A-05-0650, Decision No. 71720

Tucson Electric Power Company hereby submits its Pricing Plan Rider R-2 Demand-Side Management Surcharge in compliance and consistent with Decision No. 71720 (June 3, 2010).

If you have any questions, please contact me at (520) 884-3680.

Sincerely,

Jessica Bryne
Regulatory Services

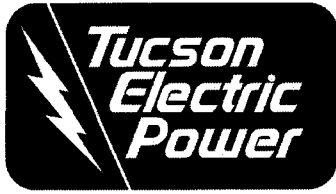
cc: Compliance, ACC

Arizona Corporation Commission
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Rider R-2 Demand Side Management Surcharge (DSMS)

A UniSource Energy Company

APPLICABILITY

The Demand Side Management Surcharge ("DSMS") applies to all customers, except those customers who take service under the Residential Lifeline Discount or Residential Lifeline/Medical Life-Support Discount pricing plans, in all territory served by the Company as mandated by the Arizona Corporation Commission, unless otherwise specified. Lifeline and Lifeline Medical customers are exempt from DSM Surcharges effective June 1, 2009.

RATE

The DSMS shall be applied to all monthly net bills at the following rate:

All kWhs @ \$0.001249 per kWh

REQUIREMENTS

The TEP DSMS will be calculated and filed with the Arizona Corporation Commission (ACC) for approval on or before April 1st. The ACC will approve the surcharge to be billed to all applicable pricing plans for twelve (12) months beginning each June 1.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this pricing plan.

Filed By: Raymond S. Heyman
Title: Senior Vice President, General Counsel
District: Entire ElectricService Area

Tariff No.: Rider R-2 DSMS
Effective: June 1, 2010
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